



# Investor Presentation





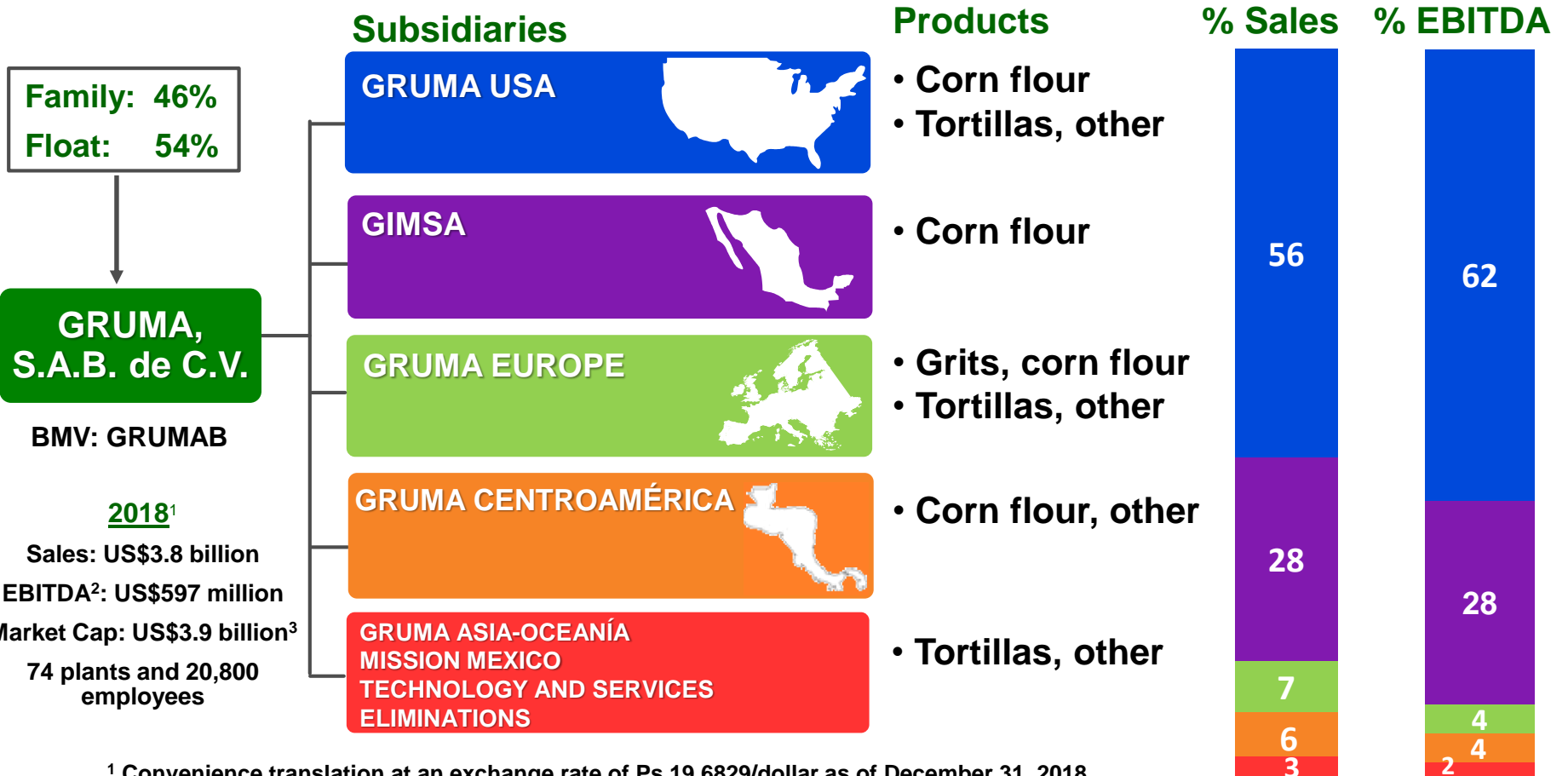


# COMPANY OVERVIEW





# GRUMA IS THE WORLD'S LARGEST CORN FLOUR AND TORTILLA PRODUCER, WITH OPERATIONS IN THE UNITED STATES, MEXICO, CENTRAL AMERICA, EUROPE, ASIA AND OCEANIA



<sup>1</sup> Convenience translation at an exchange rate of Ps.19.6829/dollar as of December 31, 2018.

<sup>2</sup> EBITDA = Operating income + depreciation, amortization and impairment of long lived assets +/- expenses (income) unrelated to core business operations.

<sup>3</sup> As of July 25<sup>th</sup>, 2019





## GRUMA'S LEADING BRANDS SHOW STRONG AWARENESS AND CONSUMER LOYALTY

REGION	BRANDS	PRODUCTS	POSITION
UNITED STATES		CORN FLOUR	1
		TORTILLAS	1
		TORTILLAS	2
MEXICO		CORN FLOUR	1
CENTRAL AMERICA		CORN FLOUR	1
		TORTILLAS	1
		TORTILLAS	2
EUROPE		TORTILLAS	2
ASIA & OCEANIA		TORTILLAS	1







# GRUMA IS LEADING IMPORTANT PRODUCT INNOVATION TO SATISFY THE GROWING MARKET OF HEALTH-ORIENTED CONSUMERS



- Consumers replacing breads with wraps
- Increased popularity of healthier snack options, such as gluten-free organic corn chips



To satisfy these megatrends, GRUMA offers a line of healthier alternatives, such as:

- Organic
- Gluten-free
- Low-carb
- Preservative-free
- Whole-wheat
- Multi-grain
- Fat-free
- Chia and quinoa wraps
- Baked tostadas

As a result, our healthier product lines are generating low double-digit sales growth





# FREQUENT PRODUCT LAUNCHES AND COLORFUL IN-STORE DISPLAYS ENHANCE SALES OF VALUE-ADDED AND HIGHER-MARGIN PRODUCTS



Salsa Verde

Chile Limón

Queso Jalapeño



Yellow Corn

WW Carb Balance



WW Chia & Quinoa

WW Honey Oat

WW Sprouted

GF Spinach Herb

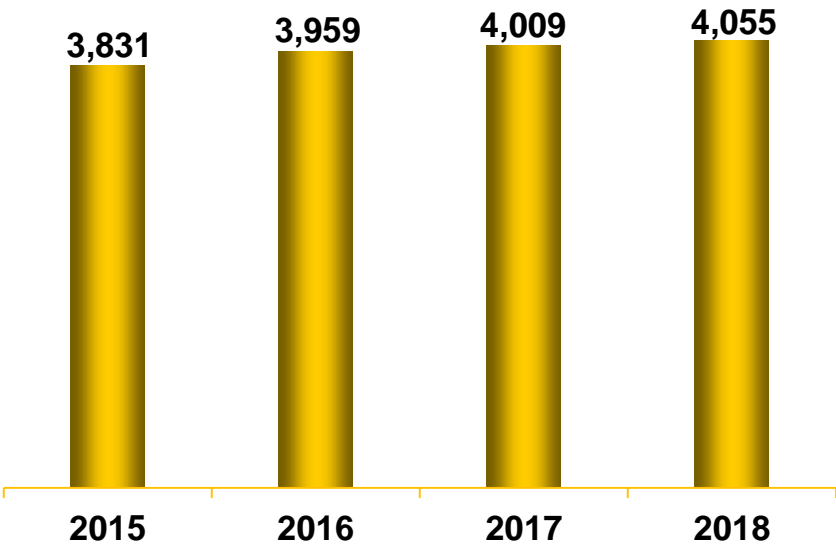




**GRUMA HAS ACHIEVED CONSISTENT GROWTH IN NET SALES DRIVEN MAINLY BY THE U.S. OPERATIONS...**

**GRUMA  
Volume  
(thousand metric tons)**

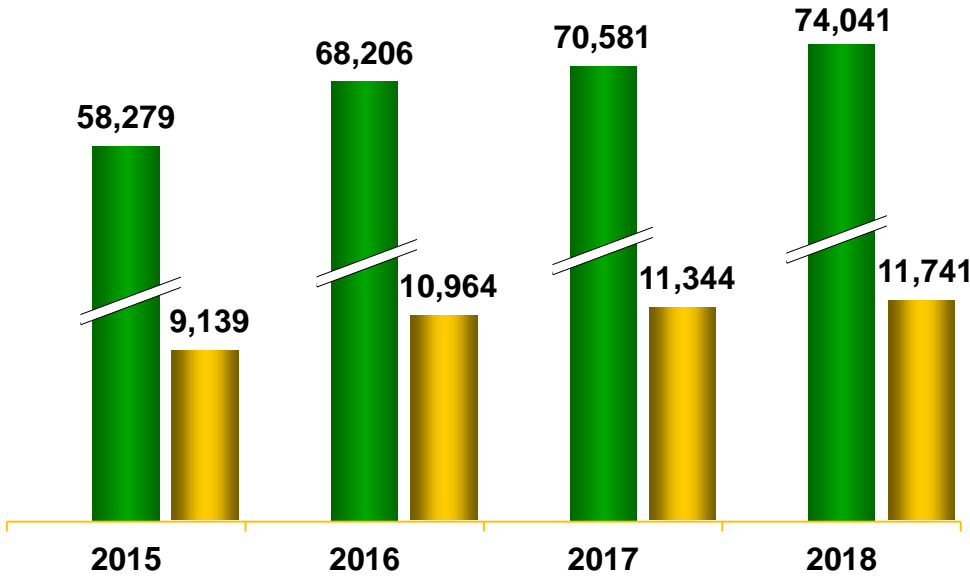
**CAGR:  
'15 – '18: 2%**



**GRUMA  
Net Sales and EBITDA  
(millions of pesos)**

**CAGR Net Sales:  
'15 – '18: 8%**

**CAGR EBITDA:  
'15 – '18: 9%**



EBITDA Mg (%)	2015	2016	2017	2018
	15.7	16.1	16.1	15.9

**...WHICH HAS BEEN IN LINE WITH EBITDA EXPANSION**

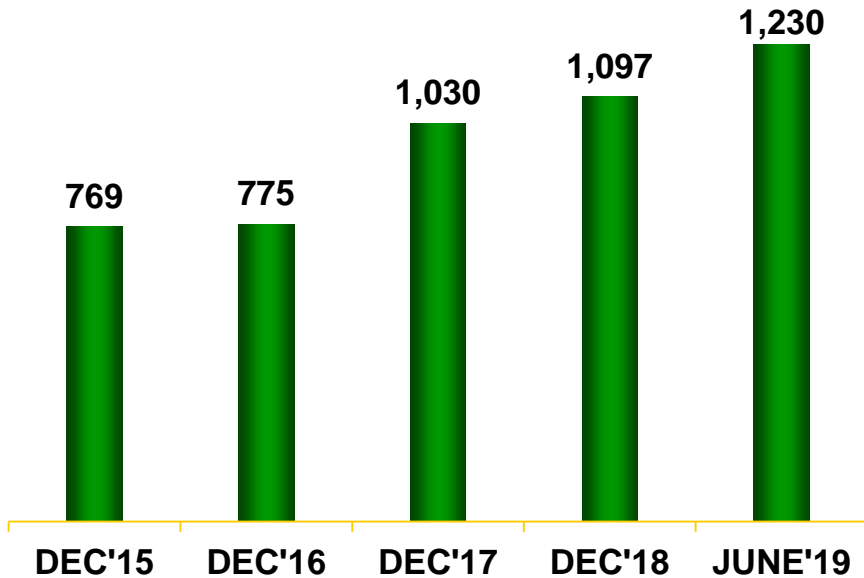




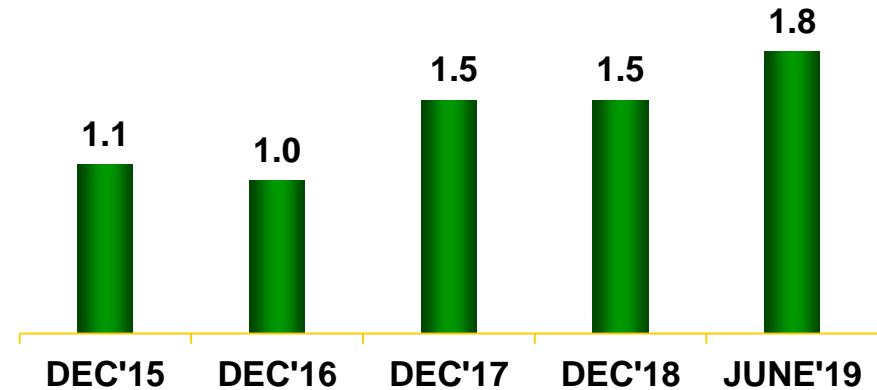


# EBITDA GENERATION HAS CONTRIBUTED TO GRUMA'S SOLID FINANCIAL POSITION...

**GRUMA  
Debt  
(millions of US\$)**



**GRUMA  
Net Debt/EBITDA  
(times)**







**...WHILE THE COMPANY ENJOYS A HEALTHY DEBT MATURITY PROFILE, WHERE 49% OF DEBT IS DOLLAR-DENOMINATED, BACKED BY ITS U.S. OPERATIONS**

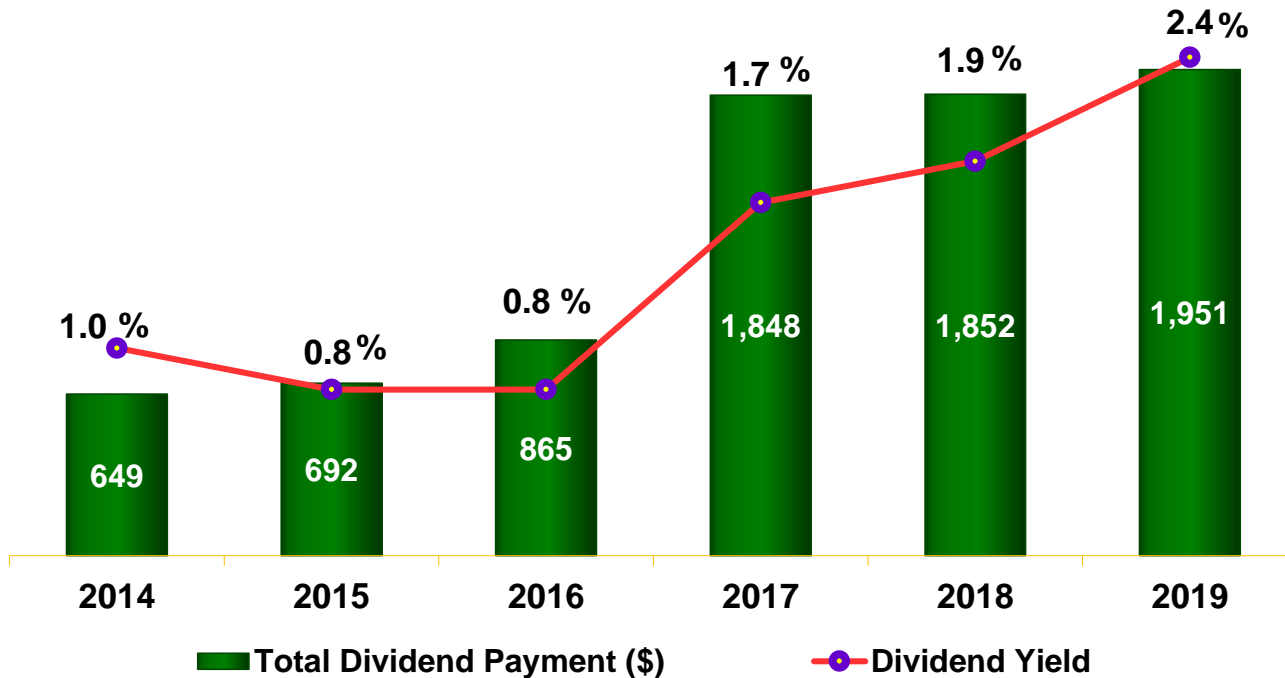
**GRUMA**  
**Debt Maturity Profile <sup>1</sup>**  
**As of June 30, 2019**  
**(millions of US\$)**

	Rate	2019	2020	2021	2022	2023	2024	2025	TOTAL
Senior Notes 2024 (USD)	Fixed 4.875%						400.0		400.0
Rabobank Syndicated Term Loan (USD \$150)	LIBOR + 1%	11.3	22.5	26.3	82.5				142.5
Scotiabank Revolving Facility (USD \$120)	LIBOR + 0.75%		120.0						120.0
Cebures 2023 (MXN \$3,000)	Fixed 8.52%					156.5			156.5
Club Loan (MXN \$2,000)	TIIE + 0.55%			104.3					104.3
Other:									
MXN	8.64%	282.8							282.8
USD	3.32%	8.0							8.0
EUR	1.53%	3.5	3.7	2.3	2.1	1.9	1.9		15.5
<b>TOTAL</b>	<b>6.19% (avg.)</b>	<b>305.5</b>	<b>146.2</b>	<b>132.9</b>	<b>84.6</b>	<b>158.4</b>	<b>401.9</b>	<b>0.0</b>	<b>1,229.6</b>



**IMPROVEMENTS IN RESULTS, HIGHER CASH GENERATION AND HEALTHY FINANCIAL STRUCTURE HAS ENABLED GRUMA TO INCREASE ITS DIVIDEND PAYMENT...**

**GRUMA**  
Dividend Payments  
(millions of pesos)



Dividend per share (Ps.)	2014	2015	2016	2017	2018	2019
	1.5	1.6	2.0	4.27	4.28	4.65



**...AND BUY BACK SHARES, WHICH WILL BE CANCELLED, TAKING ADVANTAGE OF CURRENT VALUATION FOR THE BENEFIT OF OUR SHAREHOLDERS**

	<b>05/18 – 04/19</b>	<b>04/19 – TO DATE<sup>1</sup></b>
- OUTSTANDING SHARES (millions)	432.7	421.0
- SHARES REPURCHASED (millions)	10.8	3.0
- AVERAGE PRICE (pesos)	\$216.6	\$183.6
- TOTAL REPURCHASE (million dollars)	US\$119	US\$29

**ON APRIL 26, 2019, AT GRUMA'S EXTRAORDINARY SHAREHOLDERS' MEETING, 11.8 MILLION SHARES WERE CANCELLED, REPRESENTING 2.7% OF THE PREVIOUS OUTSTANDING SHARES**





# MAIN SUBSIDIARIES





# GRUMA USA





# GRUMA USA IS THE LARGEST SUBSIDIARY, AND THE LEADING CORN FLOUR AND TORTILLA PRODUCER IN THE UNITED STATES

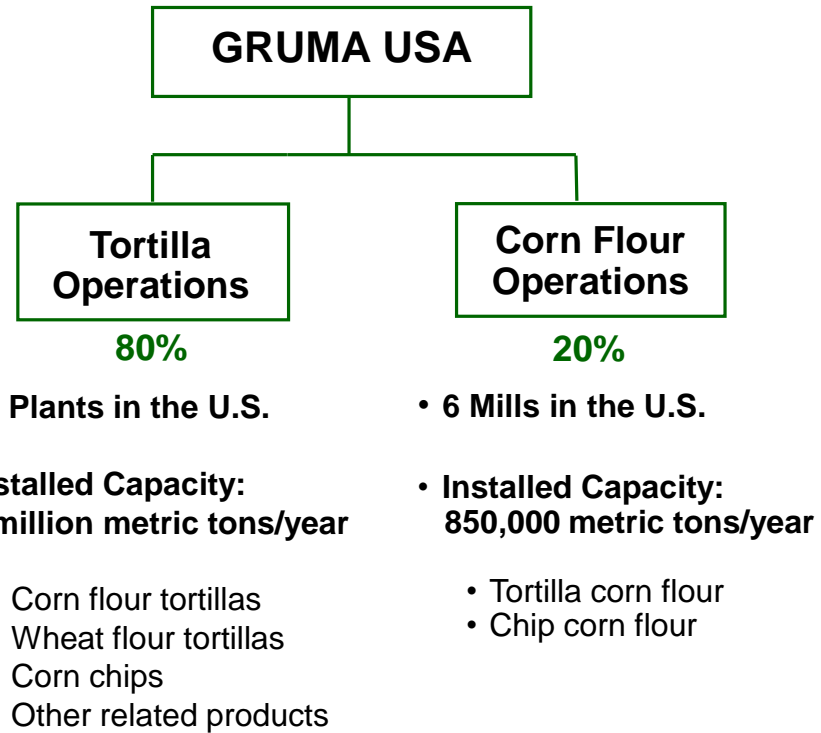
Net Sales 2018: **US\$2.1 billion**



● Corn flour mills (6)

◆ Tortilla plants (20)

\* Temporarily closed





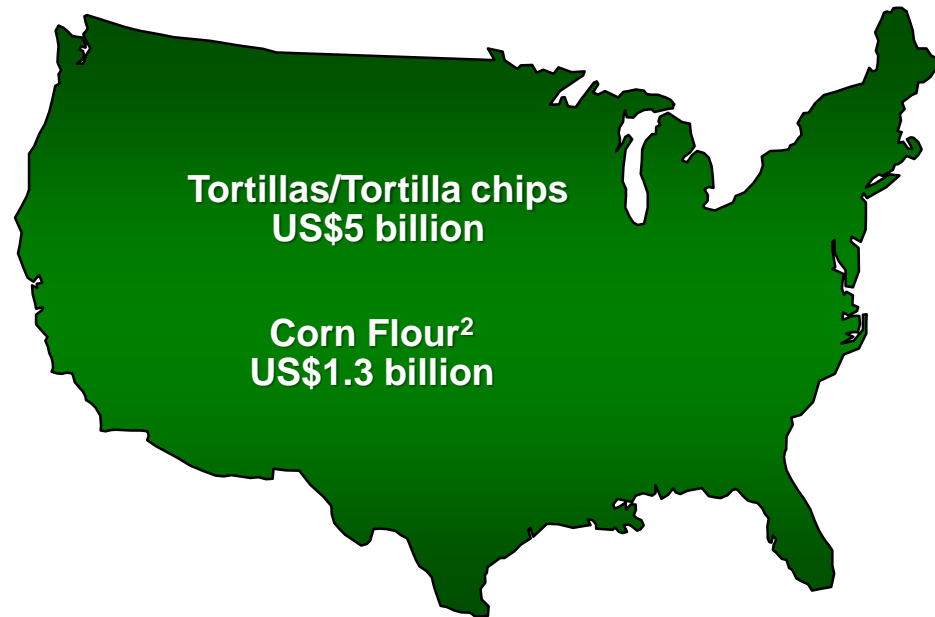


# THERE IS GROWTH POTENTIAL FOR THE U.S. TORTILLA AND CORN FLOUR INDUSTRIES

## Growth Drivers

- **Hispanic Population<sup>1</sup>**
  - 18% of total U.S. population, out of which 63% are Mexican
  - Hispanic population increased 63% between 2000 and 2016, accounting for half of total U.S. population growth
- **Popularity of Mexican Food**
  - Non-Hispanics account for the majority of Mexican food service purchases
  - The number of Mexican food restaurants continues to grow
  - More restaurants are featuring Mexican dishes in their menus
- **Adoption of tortillas in non-Mexican dishes (wraps)**
- **Wraps, burritos, tacos, quesadillas, nachos, etc. becoming mainstream foods**

## Estimated U.S. Markets





## **AS GRUMA USA CONTINUES TO SEE GROWTH POTENTIAL, ITS LARGEST PLANT BUILT IN DALLAS STARTED OPERATIONS IN AUGUST 2018**

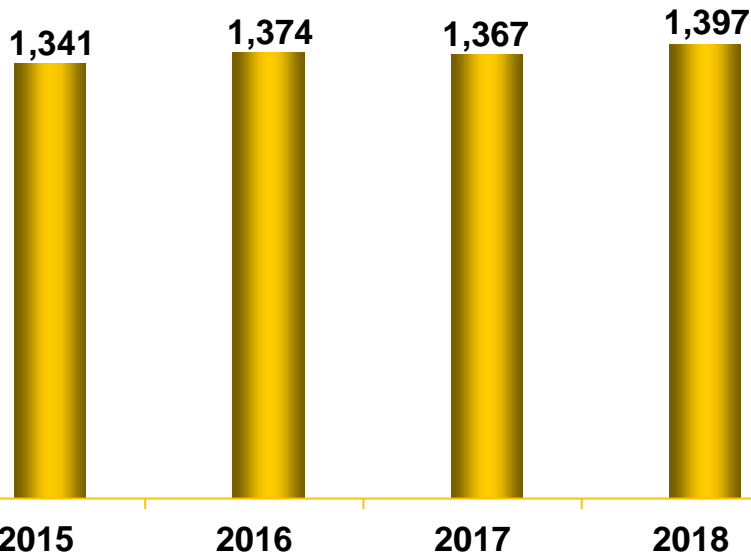
- **10% of additional tortilla capacity in the first stage, which could be doubled on a second stage when required**
- **Closing of the former plant in Dallas in October**
- **Production efficiencies through better technology**
- **Transportation and logistic efficiencies**
- **Opportunity to continue adding capacity at lower cost**
- **Capabilities to produce preservative-free tortillas and healthier alternatives**
- **Flexibility to develop new types of products (i.e. flatbreads)**



**OVER THE PAST FEW YEARS, SALES VOLUME GROWTH HAS BEEN LOWER DUE TO SIGNIFICANT SKU RATIONALIZATION, WHICH HAS RESULTED IN IMPROVED PROFITABILITY**

**GRUMA USA  
Volume  
(thousand metric tons)**

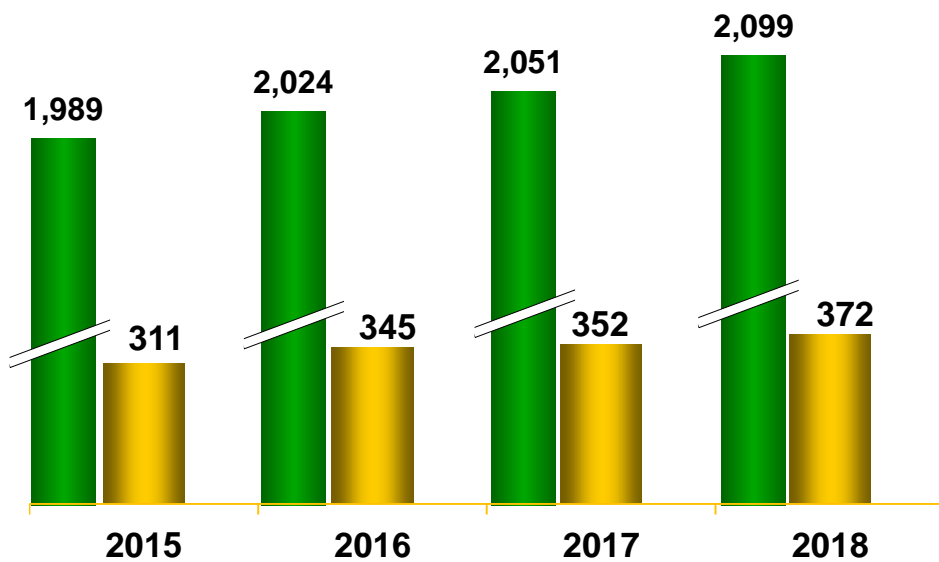
**CAGR:  
'15 – '18: 1%**



**GRUMA USA  
Net Sales and EBITDA  
(millions of dollars)**

**CAGR Net Sales:  
'15 – '18: 2%**

**CAGR EBITDA:  
'15 – '18: 6%**



EBITDA Mg (%)	2015	2016	2017	2018
	15.6	17.1	17.2	17.7







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## **GRUMA USA EXPECTS CONTINUED MARGIN IMPROVEMENT BASED PRINCIPALLY ON:**

- **Change of sales mix toward higher margin SKUs**
  - Healthier alternatives
  - More value-added products
  - Smaller counts
- **Efficiencies arising from the new plant expected from 2019 and onwards**
- **Benefits from information technology projects**
- **Savings from headcount reductions**

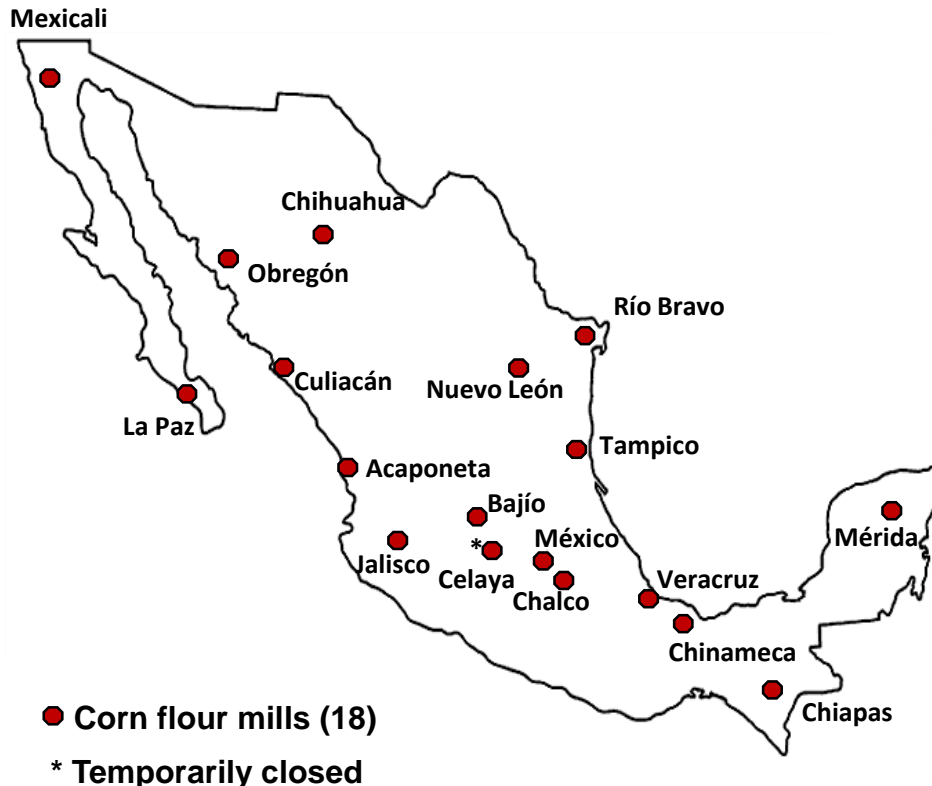


# GIMSA





## GIMSA IS GRUMA'S SECOND LARGEST SUBSIDIARY AND THE LEADER OF THE CORN FLOUR INDUSTRY IN MEXICO



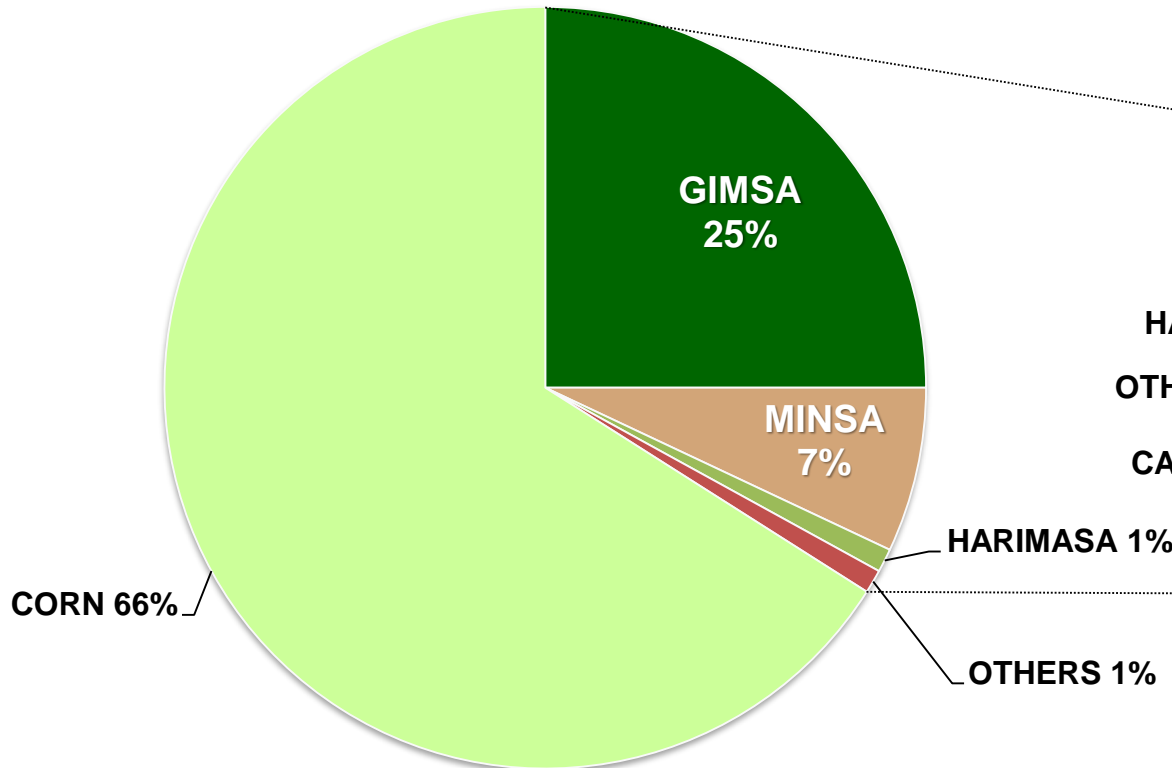
### GIMSA

- Net Sales 2018: **US\$1.0 billion**<sup>1</sup>
- 18 plants, with total annual capacity of 2.4 million metric tons of corn flour
- GIMSA's market share within the corn flour industry is approximately 74%

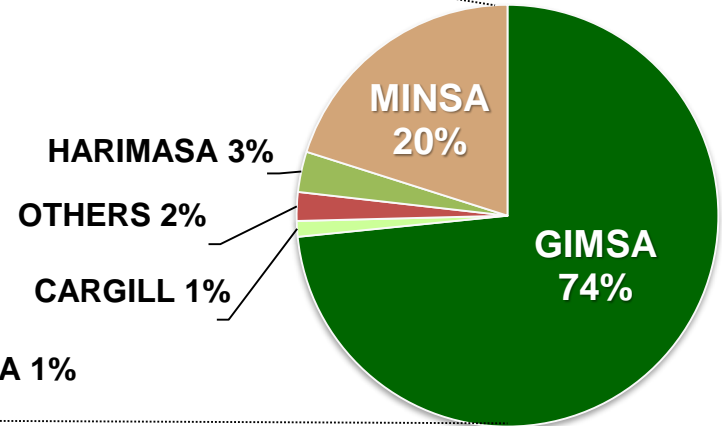


**CORN FLOUR IS ONLY USED TO PRODUCE 34% OF THE TORTILLAS IN MEXICO, THUS THERE IS A GREAT POTENTIAL FOR LONG-TERM GROWTH**

**Potential Corn Flour Market in Mexico**  
 7.3 Million Metric Tons of Corn Flour<sup>1</sup>  
 US\$4.4 billion<sup>2</sup>



**Corn Flour Market in Mexico**  
 2.5 Million Metric Tons of Corn Flour<sup>1</sup>  
 US\$1.5 billion<sup>2</sup>



<sup>1</sup> One corn flour metric ton = 1.8 tortilla metric tons.

<sup>2</sup> Based on an exchange rate of Ps. Ps.19.6829/dollar as of December 31, 2018.



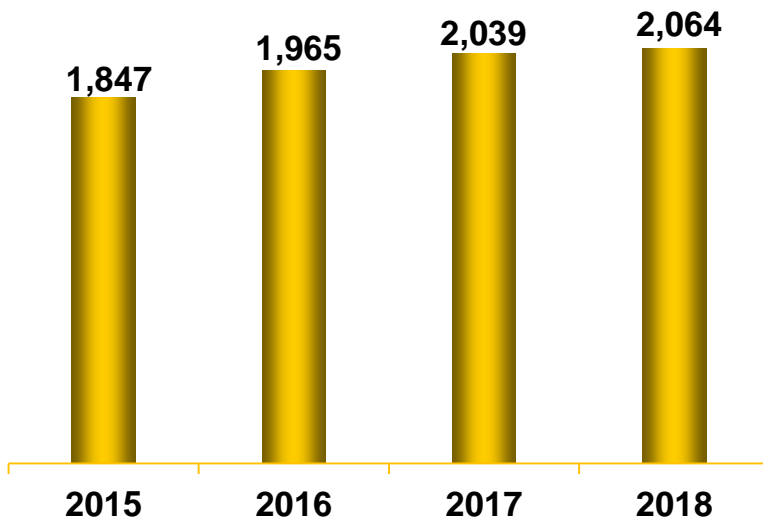




# GIMSA'S SALES GROWTH MAINLY REFLECTS COMMERCIAL INITIATIVES AIMED AT STRENGTHENING CUSTOMER SERVICE...

**GIMSA Volume**  
(thousand metric tons)

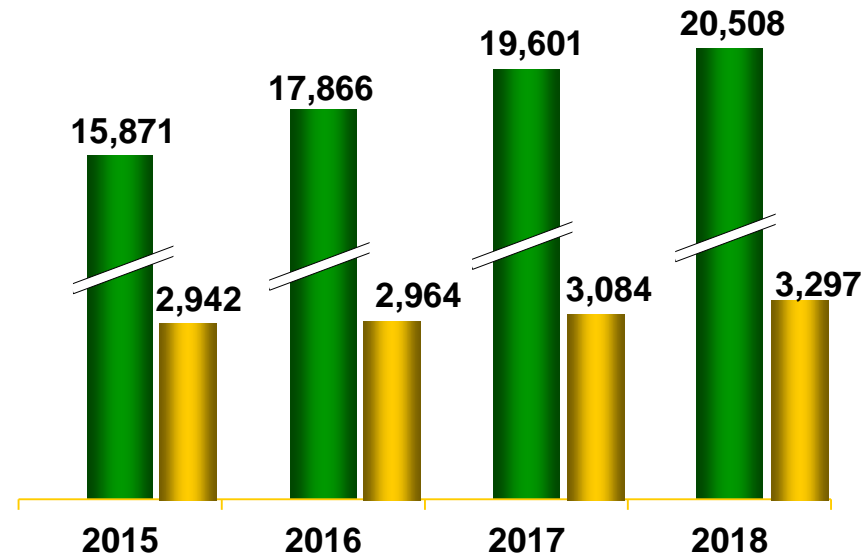
**CAGR:**  
'15 – '18: 4%



**GIMSA Net Sales and EBITDA**  
(millions of pesos)

**CAGR Net Sales:**  
'15 – '18: 9%

**CAGR EBITDA:**  
'15 – '18: 4%



EBITDA Mg (%)	2015	2016	2017	2018
	18.5	16.6	15.7	16.1

...TAKING GIMSA TO MARGIN LEVELS WHERE IT CAN GROW AT 2-3% RATES

## EXPECTATIONS FOR GIMSA'S RESULTS ARE BASED ON:

- Stability of its operations arising from the defensive nature of its products, not impacted by economic or political matters
- Sales volume growth coming mainly from the substitution of the traditional method





# GRUMA EUROPE







# GRUMA EUROPE IS THE COMPANY'S THIRD LARGEST SUBSIDIARY, FOCUSED MAINLY ON THE TORTILLA BUSINESS

Net Sales 2018: **US\$281 million<sup>1</sup>**



- Corn flour mills (3)
- ◆ Tortilla plants (6)

## GRUMA Europe

### Tortilla Operations

**77%**

- **6 Plants in Europe**
  - England (2)
  - The Netherlands
  - Russia
  - Spain (2)
- **Installed Capacity: 173,000 Metric tons/year**
  - Wheat flour tortillas
  - Corn chips
  - Flatbreads
  - Other related products

### Corn Milling Operations

**23%**

- **3 Mills in Europe**
  - Italy
  - Ukraine
  - Turkey
- **Installed Capacity: 345,000 Metric tons/year**
  - Grits
  - Chip corn flour
  - Tortilla corn flour







## THERE IS GROWTH POTENTIAL FOR THE TORTILLA MARKET IN EUROPE

### Growth Drivers

- Adoption of tortillas in non-Mexican dishes (wraps)
- Wraps, burritos, tacos, quesadillas, nachos, etc. becoming mainstream foods
- Popularity of Mexican food
  - The number of Mexican food restaurants continues to grow
  - More restaurants are including Mexican dishes in their menus

### Estimated European Markets

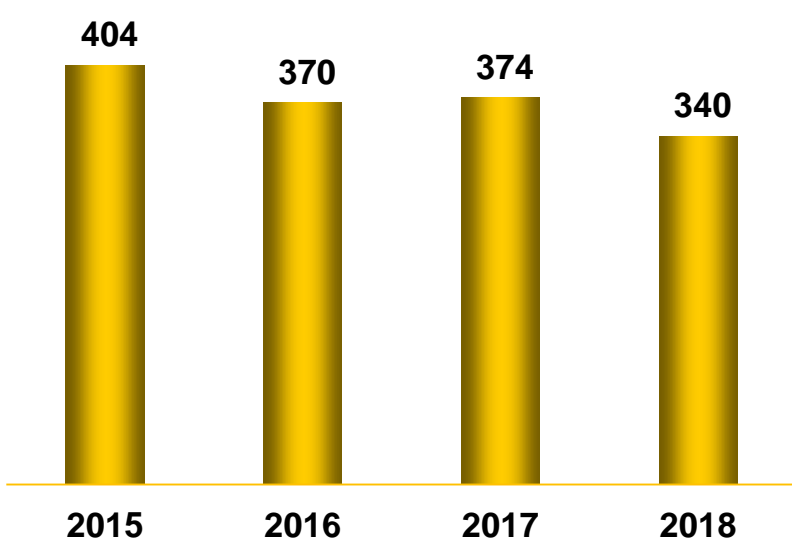




# GROWTH IN GRUMA EUROPE'S RETAIL TORTILLA BUSINESS HAS IMPROVED ITS EBITDA MARGINS, A TREND THAT IS EXPECTED TO CONTINUE

**GRUMA EUROPE  
Volume  
(thousand metric tons)**

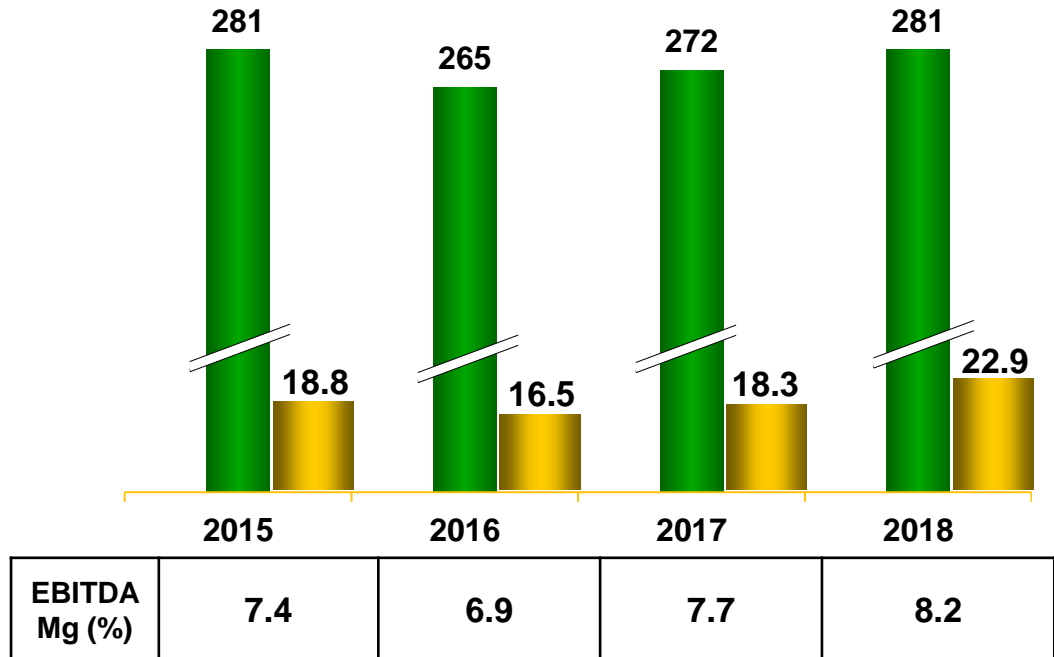
**CAGR:  
'15 - '18: (6)%**



**GRUMA EUROPE  
Net Sales and EBITDA  
(millions of dollars)**

**CAGR Net Sales:  
'15 - '18: 0%**

**CAGR EBITDA:  
'15 - '18: 7%**





## IMPROVED PROFITABILITY FOR GRUMA EUROPE WILL RESULT FROM:

- A better sales mix favoring the retail tortilla business, particularly with branded products, supported by enhanced marketing and distribution efforts
- Production efficiencies at tortilla plants, coupled with packaging automation
- Potential M&A of tortilla companies to increase footprint, scale and better absorb marketing and logistic expenses







# ADDITIONAL OPPORTUNITIES FOR GRUMA







## ALONG WITH ITS THREE MAIN SUBSIDIARIES, GRUMA SEES OPPORTUNITIES IN OTHER GROWING MARKETS

- Presence in Asia and Oceania with three tortilla production facilities and sales close to US\$200 million, growing at a double digit rate
- In Mexico, packaged tortilla business represents a huge potential market, where GRUMA has grown from US\$30 million to US\$70 million over the last three years
  - Product portfolio has expanded to corn and wheat tortilla, tostada, snacks, corn chips, and related products
  - Construction of a plant in central Mexico to expand capacity and coverage





## **GRUMA'S KEY CONSIDERATIONS TO CREATE VALUE**

- **Worldwide leader in an attractive & non-cyclical industry with staple products**
- **Growing markets for its products in all regions**
- **Global footprint with approximately 60% USD EBITDA generation**
- **No material impact from NAFTA negotiation outcomes**
- **Margin improvements expected at Gruma USA, Europe and Asia-Oceania**
- **Solid financial position, supported by low debt leverage**



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